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KALB: National security, according to President [illegible] is the single most important function of the federal government. Our guest today on Meet the Press is the president's assistant for national security affairs, Robert McFarlane. A retired Marine lieutenant colonel, Mr. McFarlane has held various top level jobs, many behind the scene, since 1971. He stepped out front last October when he succeeded William Clark as the President's national security adviser. Our reporters today are Carl\Rowan of The Chicago Sun-Times, Bob\Woodward of The Washington Post, John\Wallach of ~~First~~ HEARST Newspapers, and sitting in for the vacationing Bill Monroe, Andrea\Mitchell of NBC News.

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WALLACH: If I can turn to Central America for just a minute, your ambassador in Nicaragua recently cabled the secretary of state to the following effect, that the junta in Nicaragua has abandoned the conciliatory policy it adopted last November in the wake of the Grenada operation. The mining of the ports and the escalation in contra activities has convinced the Nicaraguan leaders that a soft line policy is hopeless as the U.S. government is determined to destroy the revolution. Is that the aim of the Reagan administration, to destroy the Nicaragua revolution, to overthrow the government? MCFARLANE: No, it isn't. The policy of the United States is to try, together with the Contadora countries of Central America, to come to terms with Nicaragua, under...in a relationship in which we, and they, mind our business. The evidence is not very good. The several times we've tried, we've been rebuffed, but we remain willing. And we'd like to come to terms with them. All we ask is that they stop exporting revolution and violence to their neighbors and give the people who are looking for democracy in Nicaragua a chance.

WOODWARD: There have been reports of a fall offensive by the El Salvador rebels, Communist-supported rebels. And, can you kind of weave for us, what is our expectation, our reasonable expectation? Are we gonna hear, see down in Central America, a kind of Tet-like offensive this fall? MCFARLANE: I think so, yes. Evidence that accumulated in the past six weeks suggests that that conscious decision has been made, and we believe honestly, the only way the Salvadoran government is going to be able to deal with that is to prepare the army in terms of training, equipment and so forth, to be able to pre-empt it.

WOODWARD: Could you be specific about what sort of evidence has accumulated over the last six weeks? To give you...I mean, that's a rather alarming thing you're saying. That we're going to have a rat...not only a foreign policy dilemma down there, but that this is going to be taking place in the political campaign here in the United States. MCFARLANE: Well, the sources, I'm not prepared to discuss in public, but the evidence has been shared with the Congress and suffice to say that our community of intelligence experts finds it very credible that...

WOODWARD: Is the magnitude large? Is it a massive support? And has the decision been made by the Soviets to do this or are these the rebels or the Nicaraguans making these decisions? MCFARLANE: The indications are that the

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Sanitized Copy Approved for Release 2010/06/30 : CIA-RDP90-00552R000403960020-9

Sanitized Copy Approved for Release 2010/06/30 : CIA-RDP90-00552R000403960020-9

Cuban decision is to seek to roughly double the level of effort of the rebels in Salvador right now.

KALB: Mr. Rowan?

ROWAN: Mr. McFarlane, the House has just voted narrowly, to give the president more military aid for El Salvador, to support a newborn democracy. But isn't the parentage of this democracy suspect when American officials reveal that the CIA spent more than $2 million to get Mr. Duarte in office? MCFARLANE: Mr. Rowan, I think there is a legitimate concern over how it is that the United States seeks to foster democracy without taking sides. Now it is true that historically, our own government, like others, has sponsored institutions that are essential to democracy, labor unions, business groups, other things like that. Now, in turn, those organizations, on their own, may decide to endorse a particular candidate, as they have in this election. That isn't the function of what the United States may or may not do. And as the president has said, and the secretary, we haven't taken sides here.

ROWAN: Well, you don't, or do you, think that this is an albatross around this new president's neck? When the word goes out from Jesse Helms, confirmed by U.S. officials, that the CIA in part bought him the election? MCFARLANE: Well, I think surely, that that kind of story is harmful to the promise of being able to govern without overtones of bias or of foreign support. And that is very unfortunate.

ROWAN: Now, you add that to the questions that you just answered for Mr. Woodward, and we come up to Democratic candidate Walter Mondale saying that when Mr. Duarte fails, you have a plan to send American troops into El Salvador either just before the election or just after the election. Is this true? MCFARLANE: It isn't true, Mr. Rowan. And I'm surprised...

ROWAN: Even if, even if Cuban steps up this offensive that you talked about? MCFARLANE: The United States has not, is not now, I don't anticipate will plan in the future for the involvement of U.S. troops in combat in Central America. Our expectation is the Salvadorans can do the job if they're given enough in the way of resources.

KALB: Mr. McFarlane, let me just pick up something so that we're clear. Are you saying, or can you say flat out, that the CIA did provide money for the Duarte effort and if that is true, could you tell us how much? MCFARLANE: Mr. Kalb, you have me at a disadvantage, I cannot. I would not discuss intelligence activities.

KALB: Well, this is not.... Oh, I'm sorry. Please... MCFARLANE: What I have said is the policy of the U.S. government, and that is that we do not take sides. We may often have, try to sponsor institutions which on their own, may decide if they wish to endorse a particular candidate. But not at our instigation.

KALB: OK. Did you in fact, did the CIA in fact, provide money to institutions that you knew in advance would be supporting Duarte? MCFARLANE: I simply can't comment on that as a matter of policy that isn't directly tied to Central America. We simply don't talk about intelligence matters. So...

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Sanitized Copy Approved for Release 2010/06/30 : CIA-RDP90-00552R000403960020-9

Sanitized Copy Approved for Release 2010/06/30 : CIA-RDP90-00552R000403960020-9

KALB: You let the implication go by unchallenged when Mr. Rowan raised it. MCFARLANE: My intention then and now is to say that we publicly, we overtly do what I've said we have done. The National Endowment for Democracy, the AFL-CIO, private and public institutions of this country, support counterpart organizations overseas. Now they may in turn decide to enter their own political process. But I don't think that is to say that the United States is covertly or secretly getting behind one or another candidate.

KALB: Sounds covert if you won't tell us how much money you've been providing, now, doesn't it? MCFARLANE: Well, Mr. Kalb, I think you'd agree that this government, past governments have always adopted the position that we simply cannot, should not talk about intelligence activities. That is not to imply that there were or were not such activities here.

KALB: Miss Mitchell?

MITCHELL: Richard Nixon this week said that the mining of Nicaragua's harbors was the inept handling of a Mickey Mouse operation. Now, without saying whether or not that was a U.S. covert operation, there's been considerable evidence on the Hill that it was, are you satisfied with the way Mr. Casey is handling the operations in Central America? MCFARLANE: Your question goes to a very important point which deserves illumination for the American people. And I'm glad you asked, because at issue here is what kind of competition we are in. It seems to me that in the late part of the 20th Century, we are going to face, in many countries, not only Central America, a determined effort by the Soviet Union to subvert friendly governments. Now, when they do that using great violence, do the American people really want their president, when faced with the question of whether a friend like Salvador or Korea or Israel is being attacked, to have no other option than to go to war, or to do nothing? I don't think so. Now that question is, should we or should we not have some intermediate option of policy, covert action? Now I think the American people have to wrestle with that question. We know that the other side has a very high level of such activities and indeed that their overt, violent sponsorship of people trying to do damage to our friends is very high. So, we have to come to terms with how we're going to deal with it.

MITCHELL: Well, the American people may support covert action, but the question is, is Mr. Casey and this agency doing a good job of it or are they bungling it? MCFARLANE: Well, the short answer is, yes, they're...I don't mean to be...

MITCHELL: Yes, they're bungling it? MCFARLANE: Bill Casey is doing a fine job. I think if you trace the...both the source and the criticism that it has come through a breakdown in process, in part on the Hill and that we have acknowledged in part in the executive branch. But, the real issue which is being challenged by people on the Hill and publicly, is should you do these kinds of things at all? And I think we ought to come to terms with that.

KALB: Mr. Wallach?

MITCHELL: And you think we should? MCFARLANE: Yes.

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Sanitized Copy Approved for Release 2010/06/30 : CIA-RDP90-00552R000403960020-9

Sanitized Copy Approved for Release 2010/06/30 : CIA-RDP90-00552R000403960020-9

WALLACH: Mr. McFarlane, I think one of the things that's concerning, some members at least, in the House is the issue of whether we're not kind of relentlessly moving towards the kind of involvement that we got into in Vietnam without really being very conscious of it. We're building military bases or helping the Hondurans build military bases that could accommodate U.S. tactical aircraft. The president, as recently as Wednesday night, described all of Central America as in our strategic interest. Costa Rica is going to be receiving military aid from the United States, a country that has been neutral and that has not had an army. Aren't we moving inevitably to a point where American troops will have to get involved if indeed your own predictions about a doubling of Cuban and Soviet involvement take place? MCFARLANE: Only if we don't do enough right now to enable the Salvadorans, the Hondurans to do it themselves. Now, it's important, whether it's in Central America or somewhere else, that we choose carefully problems where there is still a possibility of retrieving it before any need for U.S. involvement, what we have here. But, it's very clear that if the United States does not provide enough to do the job and gives, as the majority leader of the House said, only a third, or a third of a pint of a blood, when a quart is necessary, then we are assuring that later on they will lose.

WALLACH: But if your objective, Mr. McFarlane, is a negotiated settlement, the Contadora process that you speak of, isn't what your own ambassador is telling your administration that this effort has been counterproductive, that support for the contras has convinced the Nicaraguans that the United States wants to go to war with them, wants to overthrow them. Hasn't it been, haven't you pushed them into a corner where no compromise is possible? MCFARLANE: I honestly don't think that's the case at all. Persistently, for the last three years, we have tried constantly with special negotiators, going to Nicaragua, making clear the simplicity of our terms, urging them to cooperate with their neighbors, making clear the flexibility on our parts, we have always gotten the same diffident answer. The United States has no territorial ambition. We have no particular interest in the outcome of the complexion of that government as long as it provides for pluralism.

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